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SUBJECT: STATE ELECTIONS BLOW TO SOCIAL DEMOCRATS; BOOST TO
RIGHTISTS

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Summary

¶1. (U) The right populist BZOE in Carinthia and FPO in Salzburg scored significant gains in elections March 1 at the expense of the Social Democrats. The BZOE's surprise success will strengthen that party in the near term. Immediate national implications are likely to be minimal, but the position of the rightist parties in Austria seems confirmed, six months after they together took 30% of the vote in national elections. End Summary

Summary of Results

¶2. (U) March 1 elections in the states of Salzburg and Carinthia proved a serious disappointment for the Social Democrats (SPO) and an unexpected success for both of Austria's right-populist parties, the Freedom Party (FPO) and the Future Alliance (BZOE). The SPO lost significantly in both states -- nearly 10% in Carinthia (to 28.6%) and almost 6% in Salzburg (to 39.5%), though in Salzburg the SPO did retain the state governorship. The biggest surprise of the day was the unexpectedly large victory of the BZOE in Carinthia, its 45.5% share of the vote was enough to give it exactly half the seats in the legislature and 4 of the 7 seats in the state government. In Salzburg, the FPO picked up 4.4% to finish with 13.1% of the vote. However, the FPO was unable to break into the Carinthian legislature, as many had expected; the BZOE was also unable to reach the 5% hurdle needed to win seats in Salzburg.

Also-Rans

¶3. (U) The election proved moderately successful for the conservative OVP, which picked up 4.9% in Carinthia (to 16.5%), better than most forecasts, and which trailed the SPO by only 3% (vice 7.4% in 2004) in Salzburg despite losing 1.5% (to 36.5%) since 2004. In both states the OVP will be able to play a greater role in shaping the state governments. The Greens were, after the SPO, the evening's other losers. They may fall below the 5% hurdle needed to win seats in Carinthia (counting of absentee and early ballots will decide this) and in Salzburg they garnered 7.2%, down 0.7% from 2004.

Local Factors Dominate

¶4. (U) Both campaigns were dominated by local factors - one of the reasons national impact will be limited. In Salzburg, the personal popularity of Governor Gabi Burgstaller was an important factor in allowing the SPO to maintain a narrow lead over the conservatives in what has been traditionally a conservative state. In Carinthia, the election became a memorial to the charismatic former BZOE state Governor Joerg Haider, who died in a car accident in October. In neither

state were economic issues major campaign themes. Both the OVP General Secretary and the SPO party manager have said they foresee no specific impact on national policy.

Future of the Right Populist Parties

15. (U) The success of the BZOE in Carinthia -- which will secure incumbent BZOE Governor Doerfler in office (a poor return would probably have led to his replacement by another BZOE figure) -- ensures that the party will remain a force in national Austrian politics for at least the next five years. However, its failure to break into the Salzburg parliament and the failure of the FPO to clear the 5% hurdle in Carinthia, suggest the BZOE may be limited to representing Carinthia's particular perspective. Any chance of a full near-term reunification of the two parties will also have been postponed by this outcome. In an election night broadcast, BZOE leader Herbert Scheibner deflected suggestions from FPO leader H.C. Strache about a near-term merger. It remains to be seen whether the two parties will agree, informally or formally, on a division of Austria between a Carinthia-only BZOE and an FPO which competes in the rest of the country (along the lines of the CDU/CSU in Germany). Decisions at the BZOE national party convention expected in April may signal the parties future intent.

Comment

16. (U) The unexpected success of the BZOE in Carinthia and of the right populist parties generally at the expense of the SPO may lead to some trouble in the governing coalition. SPO

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federal parliamentary caucus leader Cap suggested in one post-election debate that the SPO needs to find ways to more clearly convey its own positions to voters -- a mild criticism of Chancellor Faymann's policy thus far of suppressing any appearance of differences with the OVP in the governing grand coalition. The SPO's and Green's losses, contrasted with the gains of the right populists and of the OVP, are also consistent with a trend to the right already seen in the September 2008 national election. The strong populist element in this trend could be a problematic factor in future policy making. For example, both BZOE and FPO have begun to criticize aid to banks and other measures designed to combat the financial crisis in order to garner additional support from disgruntled voters.

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